

SENATE BILL 1255

By Burchett

AN ACT to amend Tennessee Code Annotated, Title 49,
Chapter 4, relative to scholarships for medical
students.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1.

(a) There is established a scholarship program to provide eligible Tennessee students the opportunity to attend an accredited school of medicine, including allopathic and osteopathic medical schools, located in the state and to become certified practitioners rendering medical service in the state.

(b) The Tennessee student assistance corporation may award scholarships, to the extent funds are available for that purpose, to persons who declare an intent to become physicians and practice in the state and who are eligible under subsection (c) of this section.

(c) The corporation may award scholarships to students who meet the following criteria:

(1) Students who are United States citizens and Tennessee residents as defined by regulations promulgated by the board of regents or the University of Tennessee system;

(2) Students who are enrolled or accepted for enrollment in a private school of medicine providing an eligible program of study accredited by the Liaison Committee on Medical Education, or its successor, or in a private school of medicine providing an eligible program of study accredited by the Bureau of Professional Education of the American Osteopathy Association or its successor, on a full-time basis, or eligible students who have a disability defined by Title II of

the Americans with Disabilities Act, 42 U.S.C. §12131 et seq., certified by a licensed physician to be unable to attend the eligible program of study full-time because of the disability;

(3) Students who agree to render one (1) year of qualified service in the state for each year the scholarship was awarded. "Qualified service" means a full-time practice in the state of Tennessee as a licensed physician practicing allopathic or osteopathic medicine for a majority of the calendar year in the fields of family practice, general practice, general internal medicine, general pediatrics, general obstetrics, or gynecology, except that an individual having a disability defined by Title II of the Americans with Disabilities Act, 42 U.S.C. §12131 et seq., whose disability, certified by another licensed physician, prevents such individual from practicing full-time, shall be deemed to perform qualified service by practicing the maximum time permitted by the attending physician; and

(4) Students who sign a promissory note as evidence of the scholarship awarded and the obligation to repay the scholarship amount or render medical service as agreed in lieu of payment.

(d) The amount of the scholarship awarded to an eligible student by the corporation shall be equal to the difference between:

(A) The average of the prevailing amount charged for tuition and fees for in-state students at the University of Tennessee College of Medicine and East Tennessee State University James H. Quillen College of Medicine; and

(B) The prevailing amount charged for tuition at the school of medicine in which the student is enrolled.

(e) The corporation shall require a promissory note to be executed by the student as evidence of the obligation. The recipient shall render one (1) year of qualified service for each year the scholarship was awarded. Upon completion of each year of qualified service, the corporation shall cancel the appropriate number of promissory notes. Promissory notes shall be canceled by qualified service in the order in which the promissory notes were executed. Service credit shall not include residency service. In the event a recipient fails to complete an eligible program of study, or fails to render qualified medical service as a primary care physician as agreed in subsection (c), the recipient shall be liable for the total repayment of the sum of all outstanding promissory notes and accrued interest.

(f) A scholarship shall not be awarded or a promissory note cancellation shall not be granted to any person who is in default on any obligation to the corporation under any program administered by the corporation pursuant to title 49, chapter 4, until financial obligations to the corporation are satisfied, except that ineligibility for this reason may be waived by the corporation for cause.

(g) A repayment obligation imposed by this section shall not be voidable by reason of the age of the recipient at the time of executing the promissory note.

(h) Failure to meet repayment obligations imposed by this section shall be cause for the revocation of the scholarship recipient's license to practice medicine, subject to the procedures of §4-5-320.

(i) Notwithstanding any other statute to the contrary, the maximum interest rate applicable to repayment of a promissory note under this section shall be twelve percent (12%) per annum, except that if a judgment is rendered to recover payment, the judgment shall bear interest at the rate of five percent (5%) greater than the rate actually charged on the promissory note.

(j) No more than twenty (20) scholarships in any academic year shall be available at each eligible school of medicine under this section.

(k) The Tennessee student assistance corporation, in conjunction with the Tennessee board of medical examiners and board of osteopathic examination, is authorized to promulgate rules and regulations for the management and administration of the program, including the execution of appropriate contracts and promissory notes, the terms of promissory notes, cancellation of the obligation, the rate of repayment and deferment of repayment of outstanding debt, the selection of recipients, taking into consideration such factors as the academic record of the applicant, and the priority of awarding scholarships if funds are insufficient to award the maximum number of scholarships as permitted under subsection (j).

(l) This program shall be available for participants beginning July 1, 2007, after rules have been promulgated. The Tennessee student assistance corporation is authorized to use public necessity rulemaking in accordance with Section 4-5-209(a)(4) as appropriate. The availability of scholarships shall be subject to the appropriation of funds in each year's general appropriations act.

SECTION 2. This act shall take effect on becoming a law, the public welfare requiring it.